

Message Text

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21

ORIGIN EB-11

INFO OCT-01 AF-10 ARA-16 EA-11 EUR-25 NEA-14 RSC-01 ISO-00

AID-20 CEA-02 CIAE-00 COME-00 FRB-02 INR-10 IO-14

NSAE-00 OPIC-12 SP-03 TRSE-00 CIEP-02 LAB-06 SIL-01

SWF-02 OMB-01 AEC-11 DODE-00 FPC-01 H-03 INT-08 L-03

NSC-07 PM-07 SAM-01 SCI-06 SS-20 STR-08 FEA-02 /241 R

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NEA/ARP - MR. DICKMAN

NEA/ARP - MR. WRAMPELMEIER

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R 120053Z JUN 74

FM SECSTATE WASHDC

TO ALL OECD CAPITALS

AMEMBASSY CARACAS

USINT ALGIERS

AMEMBASSY TRIPOLI

AMEMBASSY KUWAIT

AMEMBASSY JIDDA

AMEMBASSY ABU DHABI

AMEMBASSY TEHRAN

AMEMBASSY LAGOS

AMEMBASSY JAKARTA

AMEMBASSY LIBREVILLE

AMEMBASSY QUITO

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E.O. 11652: N/A

TAGS: ENRG

SUBJECT: SAUDI ARABIA-ARAMCO INTERIM AGREEMENT ON

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PARTICIPATION

1. AFTER THE STOCK MARKET CLOSED ON JUNE 10, THE ARABIAN AMERICAN OIL COMPANY (ARAMCO) ISSUED THE FOLLOWING ANNOUNCEMENT:

QUOTE: THE ARABIAN AMERICAN OIL COMPANY (ARAMCO) CONFIRMS THAT AN INTERIM AGREEMENT HAS BEEN REACHED WITH THE SAUDI ARABIAN GOVERNMENT, WHICH PROVIDES THAT EFFECTIVE JANUARY 1, 1974, THE 25 PERCENT INTEREST IN THE ARAMCO CONCESSIONARY RIGHTS PROVIDED TO THE GOVERNMENT IN THE GENERAL AGREEMENT OF DECEMBER 20, 1972 HAS BEEN INCREASED TO 60 PERCENT. THE GOVERNMENT IS TO HAVE THE DISCRETION TO OFFER FOR SALE ANY PART OF ITS 60 PERCENT SHARE OF ARAMCO PRODUCTION TO THE U.S. SHAREHOLDER COMPANIES UNDER TERMS TO BE AGREED.

IT IS CONTEMPLATED THAT FURTHER DISCUSSIONS ARE TO BE HELD WITH THE GOVERNMENT IN JULY ON THE FUTURE OVERALL ARRANGEMENTS FOR THE ARABIAN AMERICAN OIL COMPANY. UNQUOTE

2. THE OIL COMPANY REPRESENTATIVES APPARENTLY AGREED TO THIS ARRANGEMENT DURING THEIR MEETING WITH SAUDI PETROLEUM

MINISTER YAMANI IN GENEVA ON JUNE 4. THEY DELAYED ANNOUNCING THE INTERIM AGREEMENT UNTIL THEY COULD WORK OUT WITH YAMANI THE TEXT OF THE ABOVE STATEMENT, WHICH WAS DONE JUNE 10 AFTER THE DEPARTURE OF PRINCE FAHD.

3. THE SOMEWHAT HASTY CONCLUSION OF THE AGREEMENT SUGGESTS YAMANI PROBABLY WANTS IT IN HAND BEFORE ATTENDING THE JUNE 15 OPEC MEETING IN QUITO. IT MIGHT PROVE USEFUL IN THE DEBATES FOR HIM TO BE ABLE TO STATE THAT SAUDI ARABIA CONTROLS A SIGNIFICANT AMOUNT OF ITS OWN OIL.

4. WE DO NOT AT THIS TIME HAVE ANY INFORMATION AS TO HOW THE QUOTE FUTURE OVERALL ARRANGEMENTS, UNQUOTE WHICH ARE TO BE DISCUSSED IN JULY, WILL DIFFER FROM THE AGREEMENT ANNOUNCED ON JUNE 10. WE ALSO HAVE NO INFORMATION CONCERNING POSSIBLE PROGRESS MADE LIMITED OFFICIAL USE

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TOWARD REACHING AGREEMENT ON THE BUY-BACK PRICE OF SAUDI OIL. ACTING SECRETARY WILL MEET WITH US SHAREHOLDER ARAMCO JUNE 13 TO DISCUSS CURRENT AND PROSPECTIVE SITUATION. SISCO

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Disposition Remarks:
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30 JUN 2005

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